

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity remained positive throughout the week, albeit experiencing a decrease at week's end, dropping by 34.22% to ₦77.17 billion compared to ₦117.33 billion the previous week. The Open Repo Rate (OPR) rose by 75 bps to 16.25%, while the Overnight Rate (O/N) decreased by 7 bps to 16.93% week-on-week.

Outlook: We expect the interbank rates to nudge higher next week, largely due to the FGN and NTB primary market auction funding.

Treasury Bills

This week, the treasury bills market experienced subdued activity, indicating a preference among participants for higher rates in the short term. Most of the activity was skewed to the long-dated papers, with trades consummated between 16.70% and 17.00% levels. At the end of the week, market settled on a bullish note, as average mid-rate shed 81bps to settle at 13.57%.

Outlook: We expect market's attention to be tilted to the NTB primary market auction next week, while monitoring the impact of the FGN bond auction.

FGN Bonds

During the first half of the week, trading activity primarily focused on bonds maturing in 2029, 2033, 2038, 2042, and 2053, with sentiment being mixed. However, by mid-week, the DMO surprised the market by announcing an astronomical ₦2.5 trillion offer size for February 2024 FGN bond auction, specifically targeting the 2031 and 2034 new issues. This unexpected development led to a repricing of the bond yield curve, resulting in a brief bullish bias at the long end and a bearish bias at the short end and belly of the curve. Towards the end of the week, the market traded cautiously, gradually leaning towards a bearish stance. Overall, the average mid-yield increased by 17 bps week-on-week, reaching 16.71%.

Outlook: The FGN bond auction is expected to dictate the direction of the market next week.

Eurobonds

The Eurobonds market experienced fluctuations influenced by significant economic data from the United States, alongside some country-specific concerns. Early in the week, hotter-than-expected US CPI data instigated a pronounced bearish sentiment, which persisted mid-week. However, by the end of the week, the market reversed course, with increased buying activity across the curve, driven by lower-than-expected US Retail Sales data. At the close of the week, market settled on a bullish note as average mid-yield declined by c. 9bps to settle at 9.55%.

Outlook: We expect mild activity next week, even as market keep tabs with the minutes of the last FOMC meeting, S&P PMI (services and manufacturing), and speeches of some Fed's officials.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 15th February 2024)	13.8932%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
16-Feb-24	77.18	↓ (40.15)
9-Feb-24	117.33	

Source: CBN

Macro Indicators	
GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (December'2023)	28.20% (Nov'23: 28.20%)
External Reserve (US\$'billion)	33.17 (-10.55% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*81.72 (+5.68% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	16-Feb-24	09-Feb-24	Change in Rates
83 days	13.96%	13.96%	(0.00%)
160 days	13.75%	14.42%	+0.67%
300 days	16.23%	16.44%	+0.21%

Source: FMDQ DQL for 16 Feb 2024 and 09 Feb 2024

Benchmark FGN Bond Yields			
	16-Feb-24	09-Feb-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	16.50%	16.02%	(0.48%)
10 yrs: 12.50% 27-Apr-2032	15.75%	14.70%	(1.05%)
20 yrs: 13.00% 21-Jan-2042	17.78%	16.80%	(0.98%)
30 yrs: 12.98% 27-Mar-2050	17.88%	16.15%	(1.73%)

Source: FMDQ DQL for 16 Feb 2024 and 09 Feb 2024

Benchmark FGN Eurobond Yields			
	16-Feb-24	09-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.75%	8.91%	+0.16%
10 yrs: NGERIA 7.875 02/16/32	9.75%	9.85%	+0.10%
15 yrs: NGERIA 7.696 23/02/38	10.09%	10.15%	+0.06%
30 yrs: NGERIA 9.248 01/21/49	10.13%	10.21%	+0.08%
7.125% ECOTRAN 16/02/26	9.38%	9.36%	(0.02%)

Source: FBN UK Runs for 15 Feb 2024 and 09 Feb 2024*

Nigerian Equities

The Nigerian equity market experienced profit taking for the most part of the week, with slight buy-side interests on tickers with upside potentials. Thus, the ASI declined by 2.45% w/w, while the Year-to-Date return settled at 36.22% and market capitalization was reported at ₦55.74 trillion. The banking and Industrial Indices drove the market to close bearish this week.

To quantify, the Industrial and Consumer Goods Indices declined 4.16% and 0.14%, respectively, week-on-week, while Banking and Oil & Gas Indices shed 6.86% and 0.40%, respectively, w/w. FBNH led both the volume and value charts with 403.17 million units and ₦10.73 billion.

Outlook: We expect the bearish sentiment to persist next week, as investors should continue to take profit while awaiting dividend declaration.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦34.44 (or 2.40%) to \$/₦1,435.53 compared to \$/₦1,435.53 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are poised to post a weekly gain again as hopes for a ceasefire in the Israel-Hamas war appeared to fade. As of the latest data, Brent fell by 7.56% week-on-week to \$77.23 per barrel, while WTI declined by 7.49% to US\$72.17 per barrel. Meanwhile, Gold appreciated by 1.78% week-on-week, settling at US\$2,053.30 per ounce at the time of this report.

Outlook: We expect oil price to remain elevated next week, pending a bearish jitter.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JULI	1.47	0.46	↑ 45.54%
GEREGU	901.00	225.10	↑ 33.30%
BUAFOODS	357.50	61.60	↑ 20.82%
ROYALEX	0.84	0.14	↑ 20.00%
DAARCOMM	0.81	0.12	↑ 17.39%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
MEYER	5.60	-1.31	↓ -18.96%
MORISON	2.48	-0.57	↓ -18.69%
DEAPCAP	0.60	-0.10	↓ -14.29%
FLOURMILL	35.10	-4.90	↓ -12.25%
UNILEVER	16.50	-2.00	↓ -10.81%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.56%	↑ 3.79%	↑ 4.52%	↑ 41.39%
NSE Banking Index	↑ 0.74%	↓ -1.34%	↑ 3.41%	↓ -0.08%
NSE Insurance Index	↓ -0.69%	↑ 2.66%	↑ 7.93%	↑ 31.33%
NSE Industrial Goods Index	↓ 0.00%	↓ -1.83%	↓ -5.43%	↑ 96.57%
NSE Consumer Goods Index	↑ 6.08%	↑ 10.96%	↑ 17.66%	↑ 46.29%
NSE Oil & Gas Index	↓ -0.32%	↑ 5.25%	↑ 4.86%	↑ 25.79%

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